

Approved

By resolution N 130-L of the Management
Board of "ID Bank" CJSC

Of April 25, 2024

RULES FOR PROVISION OF INVESTMENT FUNDS' ASSETS CUSTODY SERVICES

Responsible unit	Treasury operations service unit
Effective date	26/04/2024
Scope	Treasury operations service unit Treasury
Other provisions	Upon entry into force of these rules, the rules of "RULES FOR PROVISION OF INVESTMENT FUNDS' ASSETS CUSTODY SERVICES" approved by the decision N 207-L of "ID Bank" CJSC Management Board of June 15, 2023 shall be repealed.
Related documents	RA Civil Code RA Law "On the Securities Market". RA Law "On Investment Funds". Regulation 10/04 "The procedure for calculating the value of net assets of investment funds". Regulation 10/10 "Investment Limitations of Investment Funds". Regulation 10/31 "Additional requirements for the structure and activity of the investment fund custodian".

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CHAPTER 1. GOAL AND SUBJECT MATTER OF REGULATION

1. These rules (hereinafter referred to as the Rules) shall regulate the relations between the Bank and investment fund managers within the framework of the custody of investment fund assets performed by “ID Bank” closed joint-stock company, in terms of the implementation of operations with the Fund’s assets, the accounting of the investment fund’s assets, the exchange of information, reporting, as well as control over executed transactions, adjustment of the composition and structure of investment fund assets, control of the calculation of the value of the net assets of the investment fund and the settlement value of units (stocks).

CHAPTER 2. DEFINITIONS AND ABBREVIATIONS

2. The following concepts used in the Rules shall have the following meanings:

- 1) **Custodian** shall mean “ID Bank” closed joint stock company,
- 2) **Fund** shall mean investment funds,
- 3) **System** shall mean Securities accounting system,
- 4) **Execution of the order** shall mean execution of actions by the Custodian with the use of software solutions, software systems, online systems provided to the latter to make transfer of asset (including funds from bank accounts) on the basis of the order of the Fund manager, necessary to form appropriate order in the aforementioned systems
- 5) **Contract/Agreement** shall mean a contract/agreement signed between the Fund manager and the Custodian, which regulates the legal relations of the Parties within the framework of the custody of the Fund’s assets,
- 6) **Current account of the Fund** shall mean an account opened in the name of the Fund with commercial banks, to which the funds formed as a result of the issue of fund units are transferred or to which the funds are transferred for the purpose of acquiring units of the given fund,
- 7) **Investment account of the Fund** shall mean an account opened in the name of the Fund with a bank serving a person providing brokerage services or a company authorized to provide brokerage services, which is used for the purpose of providing brokerage services,
- 8) **Deposit account of the Fund** shall mean a bank account opened with a commercial bank in the name of the Fund, with which deposit operations are carried out,
- 9) **Depo account of the fund** shall mean a securities account opened in the name of the Fund with a person providing brokerage services for the purpose of providing brokerage services,



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10) **Brokerage service** shall mean investment service within the meaning of clauses 1) and 2) of part 1 of article 25 of the RA Law “On Securities Market”.

3. Other concepts used in these Rules shall have the meanings defined by the RA Law “On Investment Funds”, the RA Law “On Securities Market”, and other normative legal acts of the Central Bank of RA adopted on the basis thereof.

CHAPTER 3 GENERAL PROVISIONS

4. The relations between the Bank and the investment fund manager, as well as the rights and obligations due to these relations are defined by the Law of the Republic of Armenia “On Investment Funds”, the Law of the Republic of Armenia “On the Securities Market”, as well as by the Central Bank of the Republic of Armenia and other normative legal acts adopted based thereon, these Rules, as well as Contract/Agreements signed between the Bank and the investment fund manager.

5. Independent relations between the Bank and the investment fund manager arising within the framework of the custody of the investment fund assets are regulated by “ID Bank” CJSC “Procedure for the Implementation of Securities Custody Activities”.

CHAPTER 4. PROVIDING FUND ASSETS CUSTODY SERVICES BY THE CUSTODIAN AND CONTROL OVER FUND ASSETS

Fund assets custody

6. The Custodian carries out the custody of the Fund assets in accordance with the RA Law “On Investment Funds”, the normative legal acts adopted on its basis, the rules of the Custodian, as well as the Contracts/Agreements concluded between the Custodian and the Fund manager.

7. Depending on the type of Funds and the provisions applied to them by the Rules, the asset custody services provided by the Custodian to the Fund Manager may include:

- 1) Custody and preservation of the assets of the Fund,
- 2) Accounting of the Fund assets,
- 3) Service of transactions made on behalf of the Fund and transfer of assets based thereon,
- 4) Verification of the composition and volume of the fund assets,
- 5) Control of the investment restrictions implemented with the fund assets, as well as the calculation of the settlement value of the unit,



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6) Other services defined by the Law of the Republic of Armenia “On Investment Funds”, the Law of the Republic of Armenia “On the Securities Market”, the Central Bank of the Republic of Armenia and other normative legal acts adopted on their basis, the rules of the fund, as well as the Contracts/Agreements concluded between the Custodian and the Fund Manager.

Custody of the Fund financial resources

8. Under the custody of the Fund financial resources the custodian shall carry out:

- 1) Custody of financial resources available in the Fund’s current accounts,
- 2) Custody of financial resources of the fund within the framework of deposit operations,
- 3) Custody of financial resources of the fund within the framework of brokerage services,
- 4) Custody of foreign currency financial resources of the fund handed over to a foreign custodian within the framework of foreign transactions.

9. Custody of financial resources in current accounts of the Fund can be carried out by the Custodian directly through an account opened in the name of the Fund with the Custodian. The Custodian can carry out custody of financial resources available in the Fund’s current accounts by depositing the Fund’s financial resources to another bank performing the maintenance of the Fund’s current account and by submitting instructions for execution of operations (transfer and conversion) with the accounts, according to the tripartite agreement concluded by and between the Fund manager, the bank performing the maintenance of the Fund’s current account and the Custodian.

10. Custody of the financial resources of the Fund is carried out by the Custodian within the framework of deposit operations by providing the amount of the deposit to the RA or foreign bank receiving the deposit until the end of the period defined by the deposit agreements, in accordance with the bilateral agreement concluded by and between the bank receiving the deposit and the Fund manager.

11. Attached to the instruction to transfer the financial resources of the Fund to the deposit account of the Fund, the Fund manager must also submit to the Custodian a copy of the signed deposit agreement (in case of the impossibility of submitting the latter, a copy of the draft of the deposit agreement to be signed), unless otherwise specified in the Contract/Agreement. The custodian executes the specified instruction only when the deposit agreement (or project) meets the following conditions:

- 1) the bank attracting the deposit has undertaken the obligation to provide the Custodian with daily reports (reference, statement) on the balance of the Fund’s deposit account (if possible, also accrued interest) as of 23:59 of the reporting day, and in case of impossibility to do so, as of the close of the operating day until the 10:00 of the day following reporting day, if no other time is specified in the contract,



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2) the bank attracting the deposit has undertaken the obligation to transfer the financial resources available in the Fund's deposit account in full to the Fund's current account only, at the end of the deposit period or in case of early termination of the deposit agreement, and in case of transfer to another account, only upon receiving the written consent of the Custodian,

3) the bank attracting the deposit has undertaken the obligation to make changes in the deposit contract or to conclude agreements attached to the contract only upon receiving the written consent of the Custodian,

4) the bank that received the deposit will transfer the interest paid on the deposit to the Fund's deposit account or the Fund's current account.

5) The Fund manager may not submit a copy of the deposit agreement or the draft of the deposit agreement to be signed to the Custodian, if an agreement/memorandum has been signed between the bank attracting the deposit and the Custodian.

12. The custody of the financial resources of the Fund within the framework of brokerage services is carried out by the Custodian by depositing the funds to the organization providing brokerage services, in accordance with the contract concluded with the Fund manager.

13. Brokerage services with the Fund assets are performed on the basis of the contract concluded between the Fund and the brokerage service provider, a copy of which is submitted to the Custodian by the Fund manager before the brokerage service is performed.

14. The Custodian executes the order to transfer the financial resources to the investment account issued by the Fund Manager, if the contract concluded between the brokerage service provider and the Fund Manager meets the following conditions:

1) The custodian has access to the investment account or the company that deposited the funds has undertaken to provide the custodian with daily reports (reference, statement) on the balance of the Fund's investment account (if possible, also accrued interest) as of 23:59 of the reporting day, and in case of impossibility to do so, as of the closing time of the operating day until 10:00 of the day following the reporting day, unless another period is specified by the contract,

2) The Custodian has access to the depo account or the brokerage service provider has undertaken an obligation to provide the Custodian with information on transaction details after the completion of the transaction from the end of the operational day of the brokerage service provider to the end of the business day of the given organization. The information on the details of transactions must include the essential terms of all transactions concluded before the end of the operational day of the brokerage service provider (subject matter of the transaction, volume of the transaction, purchase or sale price, date of conclusion of the transaction, terms of final settlement, etc.).



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15. If the Fund Manager and the relevant company provide sufficient control mechanisms for the Custodian over the investment account, the requirement set forth in clause 14 of the Rules may be applied partially by regulating it within the framework of the contract.

Custody of securities included in the Fund assets

16. Under the custody of the securities included in the Fund assets, the Custodian performs:

1) Custody of the securities in the securities accounts opened in the name of the Funds with the custodian,

2) Custody of securities in the accounts of the Custodian's nominee or fund opened with a foreign custodian within the framework of foreign transactions.

17. Custody of the securities included in the Fund assets is carried out by the Custodian in accordance with these Rules and the contracts/agreements concluded with the Fund Manager.

18. Custody of the securities included by the local organization providing brokerage service in the Fund assets is carried out in accordance with the procedure established by the bilateral agreement concluded by and between the local organization providing brokerage service and the Fund manager.

19. The Fund securities acquired as a result of a transaction through a local organization providing brokerage services are deemed to have been deposited by the given organization after being transferred to the Fund's depo account. The local organization providing brokerage services is obliged to transfer the securities available in the Fund's depo account to the securities account opened in the name of the Custodian's Fund within a maximum of one working day after the completion of the transaction.

20. The process of acquiring foreign securities is carried out by the Custodian or the Fund's foreign custodian. The foreign securities acquired with the Fund's assets as a result of the acquisition process, are accounted for in the accounts of the Custodian's nominee or the Fund opened with a foreign custodian.

21. The specifics of custody of foreign securities acquired on account of the Fund's assets are defined by the contracts concluded by and between the Fund Manager and the foreign custodian and the Contracts/Agreements concluded by and between the Custodian and the Fund Manager.

22. Accounting of other assets of the Fund (including derivatives) by the Custodian is carried out on the basis of the information provided to the Custodian by the Fund manager.

Custody of other assets included in the Fund assets



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23. In the case of real estate, the Custodian receives information about the properties owned by the Fund from the Fund manager and/or the Cadastre Committee or the state body carrying out similar operations.

24. In the case of the sale of real estate, the Custodian gives a preliminary consent, which at least includes information on the value, cadastral code and address of the property to be sold.

25. The Custodian receives information from the Fund Manager and/or from an independent valuation company or real estate agency, in order to carry out real estate valuation.

26. The Custodian carries out the custody of other assets included in the Fund assets, the scope of regulation of which is not defined by these Rules, in accordance with the RA legislation, by-laws adopted on its basis, the normative legal acts of the Central Bank of the RA, the Custodian's rules, the Fund's rules, as well as the contracts/agreement concluded by and between the Fund manager and the Custodian.

Accounting of Fund assets and obligations

27. The Custodian performs comparison of the composition and movement of the Fund's assets. To this end, the Custodian makes best efforts to ensure composition and movement coordination through software solutions.

28. Accounting of assets and liabilities of the Fund is a system of collecting and registering information on the state and movement of the assets and liabilities of the Fund through electronic accounting of operations with assets operations and the liabilities resulting therefrom.

29. The Custodian carries out daily accounting of the Fund's assets and liabilities on the Fund through the software solutions implemented by the Custodian.

30. The Custodian takes the instructions submitted by the Fund Manager and/or the person delegated by him for the operations carried out with the Fund's assets, the documents that are the basis for the terms of transactions submitted by the Fund Manager and/or its counterparties for the operations carried out with the Fund's assets, reports (reference, statement) on the balances, movements and/or interest amounts of the respective accounts submitted to the Custodian by the fund account servicing organizations, as a basis for the accounting of the Fund's assets and liabilities, the accounting of which is carried out in accordance with the provisions established by the rules of the Fund.

31. The Custodian records, archives and stores the documents that are the basis defined by clause 30 of the Rules immediately after receiving them in electronic and/or documentary form, according to the procedures defined by the internal legal acts of the Custodian.



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32. The process of accounting of the Fund's assets and liabilities through the software solutions of the Custodian is carried out in accordance with the internal procedures and rules of the Funds regarding the accounting of the assets and liabilities of the Fund, approved by the order of the Director of the Custodian.

Control over the Fund assets

33. The Custodian carries out control over the calculation of the net value of the Fund's assets and the reference value of the units (stocks), transactions with the Fund's assets, the composition and movement of the Fund's assets, maintenance of investment limits, as well as other supervisory functions provided for by RA legislation, the Central Bank of RA and other normative legal acts. The above-mentioned functions are carried out in accordance with the RA Law "On Investment Funds", the normative legal acts adopted on its basis and the rules (charter) of the Fund and the study of instructions, reports, references, explanations and other documents submitted by the Fund manager to the Custodian with or without the latter's request, and information obtained as a result of application of software systems by the Custodian.

34. The custodian ensures the transfer of the Fund assets as a result of the process of issue, allocation, repurchase (redemption) and exchange of units (stocks) in accordance with the Law of the Republic of Armenia "On Investment Funds", normative legal acts arising therefrom, the rules (charter) of the Fund. The Custodian supervises the processes mentioned in this clause based on the information available in the Fund's shares registration system, and in individual cases also on the basis of the information received from the Fund manager.

35. In case of any inconsistencies with the provisions of the RA legislation, normative legal acts arising from them and the Fund's rules (charter) are found by the Custodian during the execution of the processes mentioned in the Rules, the same must be notified by the Custodian to the Central Bank and the Fund manager within 1 working day.

CHAPTER 5. SPECIFICS OF IMPLEMENTATION OF TRANSACTIONS WITH THE FUND ASSETS

Service of transaction with the Fund assets

36. The service of transactions with the assets of the Fund by the Custodian and the transfers of assets based thereon, is carried out exclusively on the basis of the instructions given to the Custodian by the Fund manager /the person delegated by the latter, within the terms and in the order defined by the Contract/ Agreement, except for cases of mandatory transactions or functions conditioned with the corporate actions of issuers of certain assets (consolidation of securities,



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division, conversion, cancellation, transfers due to mandatory repurchase of securities, acceptance of interest or dividend payments, etc.), when the Custodian can carry out the specified transactions or functions without instructions from the Fund Manager.

37. In order to service transactions with the Fund assets, the Fund manager must submit the instructions in accordance with the procedure and conditions established by the Rules, as well as by the Contracts/Agreements concluded by and between the Custodian and the Fund manager.

38. For the purpose of carrying out transactions with securities or financial resources to transfer the Fund assets, the Fund manager must also submit to the Custodian the instructions the following, attached to the settlement order:

1) a document describing the essential terms of the transaction (subject matter of the transaction, scope of the transaction, date of conclusion of the transaction, terms of the final settlement, etc.),

2) other information and/or documents defined by the Rules, as well as by the Contracts/Agreements concluded by and between the Custodian and the Fund Manager.

39. In case of impossibility to submit the information and/or documents specified in clause 38 of the Rules to be attached to the instructions, the latter can be submitted immediately after the conclusion of the transaction.

40. Within the framework of the application of control mechanisms defined by clause 36 of the Rules, the Custodian may receive the authority to approve the funds transfer and conversion instructions submitted by the Fund Manager to the broker.

41. The Fund manager is obliged to pay the Custodian for servicing transactions with the Fund assets in the manner and in the amount specified by the Custodian's rules, the Contracts/Agreements concluded by and between the Custodian and the Fund manager, and the Custodian's "Rules on Tariffs", if such fees are established.

Execution of the fund manager's orders

42. The orders submitted by the Fund Manager to the Custodian within the framework of servicing transactions with the Fund assets, may be of the following types:

- 1) a transfer order, which is the basis for the transfer of financial resources of the Fund,
- 2) a final settlement order, which is the basis for carrying out operations with securities,
- 3) currency conversion order, which is the basis for conversion of the Fund's financial resources denominated in one currency to another currency,
- 4) a cancellation order, which is the basis for cancelling a previously issued transfer, settlement or money conversion order,



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5) completion of the order, which implies the cancellation of the previously issued transfer, settlement or funds conversion orders and a combination of new transfer, settlement or funds conversion orders.

6) Other orders can be set on the basis of contract and the agreements concluded on its basis, depending on the purpose and nature of the transactions.

43. The CBANet network of the Central Bank of RA, S.W.I.F.T. system, the software solutions offered by the Custodian, the use of which in the case of issuing separate instructions, including alternative channels in case of their failure, re defined in the agreements concluded with the Fund Manager, shall be the contact points for submission of orders stipulated in clause 42 of the Rules by the Fund Manager.

44. The Custodian carries out the Fund Manager's orders, if they do not contradict the RA Law "On Investment Funds", the normative legal acts adopted on its basis, the rules (charter) of the Fund and the Contract/Agreement.

45. The Custodian carries out the orders of the Fund Manager and notifies the Fund Manager about this within the terms and in the manner defined by the Contracts/Agreements concluded between the Custodian and the Fund Manager.

46. The Custodian carries out post-trade control over operations with securities. If, in the reasonable opinion of the Custodian, the securities transaction carried out by the Fund Manager contradicts the RA Law "On Investment Funds", the normative legal acts adopted on its basis, the rules (charter) of the Fund, the Rules and the Contract/Agreement, the Custodian shall notify the Manager in writing about the same, offering to carry out a reverse transaction within a reasonable period of time, eliminating the consequences of the concluded transaction.

47. The Custodian refuses to fulfill the orders of the Fund manager, if:

1) the relevant assets are not available in the accounts of the Fund for the execution of the order as of the deadline set by the Contract/Agreements,

2) the submitted order contains inaccuracies, defects or omissions,

3) the form or deadline for the submission of the given order was not observed (where such a form and/or deadline is defined by the Contract/Agreement),

4) execution of the order contradicts the provisions of legal acts or Contracts/Agreements regulating the custody of the assets of the given Fund,

5) It is impossible to carry out the given order as defined by the rules or for any other valid reason.

48. The cancellation order or completion order submitted by the fund manager is executed if the Custodian has not yet completed the execution of the order subject to cancellation, and in the case of the latter being completed, where the rules of the counterparties of the Custodian



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involved in the asset transfer function provide an opportunity to cancel the instruction in the given situation.

49. If the Fund Manager submits related orders at the same time, the execution of one of which is logically conditioned with the result of the execution of the previous order, then the Custodian initiates the execution of the following order only in accordance with the prerequisites necessary for its execution (necessary conditions formed by the results of the execution of the previous order, conditions of counterparties, terms, and etc.) if available. In that case, the notifications submitted by the Custodian to the Fund managers regarding the fulfillment (or non-fulfillment) of the orders are sent according to the results of the execution of each order.

50. In case of refusal to fulfill the orders of the Fund Manager, the Custodian shall notify the Fund Manager of this in the manner and within the time limits established by the Contracts/Agreements concluded with the latter.

51. The Custodian does not guarantee the implementation of the functions or transactions provided for in the orders, if their implementation does not depend on the proper performance of the Custodian's actions and it is not responsible for the losses suffered by the Fund Manager or any third party as a result of the rejection of the order in the cases defined by the Rules.

CHAPTER 6 REPORTING AND SUBMISSION OF INFORMATION

Reporting to the fund manager

52. The custodian submits a report on the value of the net assets of the fund to the Fund manager/a person delegated by the latter in accordance with the periodicity, volumes (contents), procedure and terms defined by the Contracts/Agreements concluded with the Fund manager.

53. The report defined by clause 52 of the Rules shall be provided by the Custodian to the Fund manager/person delegated by the latter by 14:00 on the business day following the reporting period, unless another deadline is specified by the Contract/Agreement.

54. In case, where the mentioned reports should also include the information received from the Custodian's counterparties or the Fund manager, and if the information (reports) to be received from the Fund manager's counterparties, the banks servicing the Fund's current accounts, are not received within the time limit set by the Rules, the Custodian has the right to include last known data in the reports provided for in clause 52 of the Rules.

Presentation of information by the Fund manager



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55. The Fund Manager shall provide the Custodian with information on the operations performed at the account of the Fund's assets, as well as the obligations undertaken on the account of the Fund, at intervals, volumes (contents), order and terms defined by the Rules and the Contracts/Agreements concluded with the Custodian.

56. The Fund Manager shall provide the Custodian with information on the calculation of the net value of the Fund's assets and the settlement value of units (stocks), transactions with the Fund's assets, composition and movement of the Fund's assets, maintenance of investment limits, as well as other information provided by the RA legislation, Central Bank of RA and other normative legal acts, at intervals, volumes (contents) defined by the Contracts/Agreements concluded with the Custodian.

57. The information defined by clauses 55 and 56 of the Rules shall be provided by the Fund manager to the Custodian by 11:00 on the business day following the reporting period, if no other time is specified by the Contract/Agreement.

58. In case the Fund manager delegates certain services to other persons, the information specified in clauses 55 and 56 of the Rules may also be submitted by persons who have assumed the given obligation under relevant contracts or otherwise.

59. If necessary, based on the Custodian's written request, the Fund Manager shall provide the Custodian with its internal procedures and regulations, as well as copies of the documents based on which transactions have been concluded or obligations assumed.

CHAPTER 7. ACTIONS OF THE CUSTODIAN IN CASES OF DISCLOSURE OF VIOLATIONS

60. In case the Custodian detects violations and/or inconsistencies with the requirements of the RA legislation, normative legal acts adopted in accordance therewith and the rules (charter) of the fund during the performance of its duties within the framework of custody of the Fund assets, it shall within one working day notify the same to the Central Bank and the Fund Manager electronically or in paper form.

CHAPTER 8. MERGER OF THE FUND, LIQUIDATION (TERMINATION) TERMINATION OF ACTIVITIES OF THE FUND MANAGER AND CUSTODIAN

61. In case of termination of the authority to manage the Fund, in the absence of the Fund manager and the grounds for termination of the Fund provided for by the Law, the custodian



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organizes the liquidation (termination) of the Fund, and in the presence of the grounds for merger of the Fund, it organizes the process of merger with other funds, as provided for by RA legislation.

62. The Custodian carries out redemption of assets of the liquidating/merging Fund in both cases of liquidation and merger process, and organizes the issue/acquisition of units of other funds provided for by RA legislation, RA Law “On Investment Funds” and other normative legal acts adopted on its basis.

63. In the case of termination of the Fund manager’s authority to manage the Fund, the Custodian shall manage the Fund in accordance with the procedure established by the Law and other normative legal acts adopted on its basis, organize the process of transferring the Fund management to another Manager, and also organize the process of merging the fund of the same manager to another fund. In that case, the Custodian shall transfer to the Manager all the information it has with respect to the Fund, observing the restrictions set by the RA Law on “Investment Funds” and other legal acts.

64. Once decision on termination of activity is made, or in case of termination of the custody agreement concluded by and between the Fund manager and the Custodian, the Custodian organizes the transfer of the Fund assets entrusted to the custody and the documents related to the Custodian activities of the Funds and which are not deemed to be commercial secrets of the Custodian to another custodian in the manner and within the time limits defined by RA legislation and other norms adopted on their basis.

